

KDDI's Action on Climate Change

Aiming for net zero CO₂ emissions by 2050

KDDI Group recognizes the importance of fulfilling its duty as a responsible global corporate citizen to conserve and protect the Earth's irreplaceable environment so that it can be inherited by future generations. We are committed to pursuing our business in eco-conscious ways that fully respond to the global challenge of climate change.

In April 2021, KDDI announced its support for the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

We will continue strengthening our action on climate change with the aim of achieving net zero CO₂ emissions by 2050.

KDDI's Commitment: Tackling the Global Issue of Climate Change

The adoption of the Paris Agreement in 2015 initiated a trend in efforts to realize a decarbonized society among countries around the world.

In KDDI Sustainable Action, KDDI declared that it will reduce the environmental burden of society through the use of ICT with the aim of achieving net zero CO₂ emissions by 2050 as we strongly promote the shift toward renewable energy. Going forward, we will not only consider the risks of climate change and other social issues, we will also leverage KDDI's unique strengths utilizing 5G and IoT in an effort to solve those issues.



Climate Action

- Reduce KDDI's (Japan, non-consolidated) CO₂ emissions by 50% in FY2030 compared to FY2019^{*1}
- Use renewable energy, and upgrade to highly energy-efficient data centers and mobile phone base stations, etc.
- Contribute to reductions in society's CO₂ emissions by providing KDDI's information and communication technology (ICT) services

Creating a Society with Material Circularity

- Maintain zero emissions from retired telecommunication facilities^{*2}
- Maintain material recycling rate of 99.8% for used mobile phones

Conservation of Biodiversity

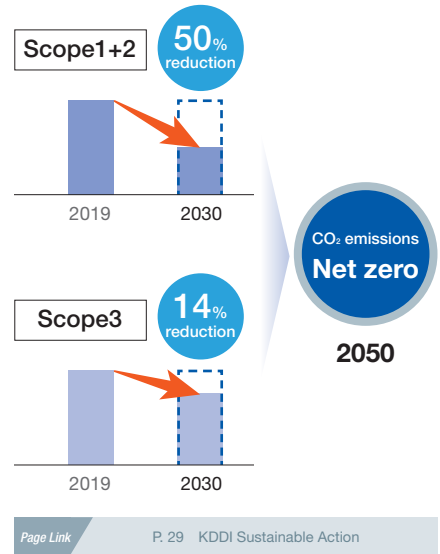
- Active promotion of initiatives using ICTs to conserve ecosystems

^{*1} This FY2030 target for CO₂ emission reductions is on the path for KDDI to achieve net-zero CO₂ emissions by 2050.

In order to achieve this target, KDDI will make use of various approaches to reduce CO₂ emissions, including the use of renewable energy.

^{*2} Zero emissions are defined as a final disposal rate of 1% or less.

CO₂ Emissions Reduction Targets



We consider promoting global environmental protection to be our important responsibility as a global company and are promoting various eco-friendly initiatives.

FY2020 Results (Scope 1 + Scope 2)

CO₂ emissions **1,056,125 t-CO₂**

We are working to reduce CO₂ to rein in the rapid rise in temperatures.
 • The CO₂ emissions are calculated using the emission factors furnished by electric utility operators. (Emissions from heat, steam and hot and chilled water consumption are included.)

FY2020 Results

Final disposal rate of removed telecommunications equipment **0.02%**

We are making effective use of waste as a new resource.

FY2020 Results

Material recycling rate of post-consumer mobile phones **99.8%**

We are promoting material recycling to make effective use of unneeded equipment and materials as a new resource.

FY2020 Results

Number of post-consumer mobile phone handsets collected **3,546,860**

We are collecting and recycling unneeded phones, batteries, and chargers.



The taskforce was established in December 2015 by the Financial Stability Board (FSB), which is formed by major countries' central banks, financial oversight agencies, financial ministries and other organizations. The purpose is to consider climate-related disclosures and financial institution actions.

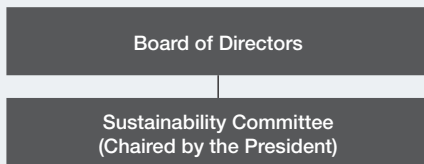
Disclosure Based on the TCFD Framework

In line with the TCFD recommendations, we strive to proactively disclose information based on the disclosure framework for “governance,” “strategies,” “risk management,” and “indicators and targets.”

Governance

The Sustainability Committee, which is chaired by the President and is primarily composed of the main members of the Board of Directors, convenes twice a year to deliberate sustainability-related issues.

The Board of Directors receives reports every quarter related to climate change from the Sustainability Committee and conducts oversight of and offers guidance on the implementation of measures for important issues and initiatives.



Risk Management

The Corporate Risk Management Division, which is charged with the KDDI Group's risk management, twice per year identifies all of the risks that have a significant impact on KDDI's finances and management strategies. The division manages climate change-related risks using environmental ISO systems and the environmental management system (EMS) approach. For risks that need to be managed, the division formulates yearly quantitative targets related to risk reduction in each relevant management department and assesses progress each quarter. Areas pointed out for improvement are reported to the Environmental Subcommittee, which is under the Sustainability Committee, then the risks and opportunities related to the entire Company and all departments are discussed at the Sustainability Committee, and the improvements are then approved.

Strategies

KDDI conducted two analyses. One was for the less than 2°C scenario (in which global average temperatures rise less than 2°C from preindustrial levels) where society rapidly realizes decarbonization. The other was for the 4°C scenario (in which global average temperatures rise 4°C from preindustrial levels) where climate change action is not taken and physical affects become prominent.

		KDDI's Risks	KDDI's Actions
Transition risks	Policies and rules	Carbon tax risks	
	Carbon taxes	Carbon tax risks	
	Tokyo Ordinances and Emission Regulations	Risk of increased cost for buying CO ₂ emission credits if unable to meet reduction targets (emission cap)	Purchased emission credits in the second compliance period to close the expected emission reduction gap (around 50,000 t-CO ₂) in the third compliance period
Transition risks	Introducing new technology	Risk of increased cost for developing AI technologies for base stations, new energy-saving technologies for various facilities, and CCUS technologies	Investing in the development of various technologies
	Markets and reputation	Risk of lower participation and reduced corporate valuation due to missed targets and delayed action to convert to renewable energy	Planning to switch from fossil fuel electric power to renewable energy electric power
Physical risks	Urgent risks	Risk of increased cost for human resources, etc. needed to rapidly respond to restore the telecommunications network	Preparing efficient restoration operations by revising BCPs and conducting training to restore networks during a disaster
	Chronic risks	Risk of increased electricity use for air conditioning at data centers	Installing highly efficient air conditioners and converting to renewable energy

Risk Management Process



Indicators and Targets

To achieve net zero CO₂ emissions by 2050, we revised our non-consolidated CO₂ emission reduction targets for fiscal 2030, lifting the targets to a 50% reduction in Scope 1+2 compared with 2019 and a 14% reduction in Scope 3 compared with 2019.

FY2030 CO ₂ Emission Reduction Targets	
Scope1+2	▶ 50% reduction compared with FY2019
Scope3	▶ 14% reduction compared with FY2019
Reference	(2017 Announcement) FY2030 reduction target: 7% reduction compared with FY2013

Relationship with Enhancing Corporate Value (example of analysis results)

If we reduce greenhouse gas emission intensity by 10%, PBR six years later will increase 2.4%.

Note: Analyzed by ABeam Consulting ESG Platform based on the model developed by Mr. Ryohei Yanagi under the “CFO Policy” (Chuokezai-sha Holdings, Inc. 2020) (January 2021)